

TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

FINANCIAL REPORT WITH  
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2008

## Auditing Procedures Report

Issued under P.A. 2 of 1988, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Bentley	County Gladwin
Fiscal Year End March 31, 2008	Opinion Date June 23, 2008	Date Audit Report Submitted to State June 24, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


SM  
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.		Telephone Number 989-894-1040	
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
Authorizing CPA Signature 		Printed Name Mark J. Campbell	Zip 48707
		License Number 1101007803	

TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

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# CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

June 23, 2008

To the Township Board  
Township of Bentley  
Gladwin County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Bentley, Gladwin County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Bentley's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Bentley, Gladwin County, Michigan as of March 31, 2008, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Campbell, Kusterer & Co., P.C.*  
CAMPBELL, KUSTERER & CO., P.C.  
Certified Public Accountants

TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the year ended March 31, 2008

The Management's Discussion and Analysis report of the Township of Bentley covers the Township's financial performance during the year ended March 31, 2008.

**FINANCIAL HIGHLIGHTS**

Our financial status remained stable over the last year. Net assets at March 31, 2008, totaled \$526,829.59 for governmental activities. Overall total capital assets increased due to the building of a fire barn.

Overall revenues were \$214,252.44. Governmental activities had a \$34,361.58 increase in net assets.

We did not incur any new debt.

**OVERVIEW OF FINANCIAL STATEMENTS**

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

**ENTITY-WIDE FINANCIAL STATEMENTS**

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. This includes the General Fund, the Garbage Fund, the Fire Fund, and the Road and Bridge Fund.

TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

**CONDENSED FINANCIAL INFORMATION**

For the year ended March 31, 2008

	<u>Total</u> Governmental Activities 2008
Current Assets	337 667
Capital Assets	<u>190 102</u>
Total Assets	<u>527 769</u>
Current Liabilities	939
Non-current Liabilities	<u>-</u>
Total Liabilities	<u>939</u>
Net Assets:	
Invested in Capital Assets	190 102
Unrestricted	<u>336 728</u>
Total Net Assets	<u><u>526 830</u></u>

	<u>Total</u> Governmental Activities 2008
Program Revenues:	
Fees and Charges for Services	54 387
General Revenues:	
Property Taxes	74 330
Other Taxes	8 133
State Revenue Sharing	63 664
Interest	9 416
Miscellaneous	<u>4 323</u>
Total Revenues	<u>214 253</u>
Program Expenses:	
Legislative	9 904
General Government	47 844
Public Safety	10 508
Public Works	107 803
Recreation and Culture	1 871
Other	<u>1 961</u>
Total Expenses	<u>179 891</u>
Increase in Net Assets	34 362
Net Assets, April 1	<u>492 468</u>
Net Assets, March 31	<u><u>526 830</u></u>

TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended March 31, 2008

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund, the Garbage Fund, the Fire Fund, and the Road and Bridge Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in the governmental activities remains stable.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services, which totaled \$60,221.24.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$40,464.84 in capital assets this year.

The Township has no debt at this time.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Clerk at 4400 Estey Road, Rhodes, MI 48652.

TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
March 31, 2008

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	83 387 76
Investments	238 303 09
Taxes receivable	<u>15 975 62</u>
Total Current Assets	<u>337 666 47</u>
NON-CURRENT ASSETS:	
Capital Assets	288 667 90
Less: Accumulated Depreciation	<u>(98 565 62)</u>
Total Non-current Assets	<u>190 102 28</u>
TOTAL ASSETS	<u><u>527 768 75</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	<u>939 16</u>
Total Current Liabilities	<u>939 16</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	190 102 28
Unrestricted	<u>336 727 31</u>
Total Net Assets	<u>526 829 59</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>527 768 75</u></u>

4The accompanying notes are an integral part of these financial statements.



TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Year ended March 31, 2008

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
<b>FUNCTIONS/PROGRAMS</b>			
Governmental Activities:			
Legislative	9 903 56	-	(9 903 56)
General government	47 844 50	8 720 84	(39 123 66)
Public safety	10 507 97	-	(10 507 97)
Public works	107 802 92	45 666 00	(62 136 92)
Culture and recreation	1 870 81	-	(1 870 81)
Other	1 961 10	-	(1 961 10)
<b>Total Governmental Activities</b>	<u>179 890 86</u>	<u>54 386 84</u>	<u>(125 504 02)</u>
General Revenues:			
Property taxes			74 329 60
Other taxes			8 133 39
State revenue sharing			63 663 75
Interest			9 415 78
Miscellaneous			4 323 08
<b>Total General Revenues</b>			<u>159 865 60</u>
Change in net assets			34 361 58
Net assets, beginning of year			<u>492 468 01</u>
Net Assets, End of Year			<u>526 829 59</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

**BALANCE SHEET – GOVERNMENTAL FUNDS**  
March 31, 2008

	<u>General</u>	<u>Garbage</u>	<u>Road and Bridge</u>	<u>Fire</u>
<b><u>Assets</u></b>				
Cash in bank	6 558 54	30 202 42	20 487 58	26 138 76
Investments	238 303 09	-	-	-
Taxes receivable	2 360 25	7 080 00	4 377 40	2 157 97
Due from other funds	<u>46</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u><u>247 222 34</u></u>	<u><u>37 282 42</u></u>	<u><u>24 864 98</u></u>	<u><u>28 296 73</u></u>
<b><u>Liabilities and Fund Equity</u></b>				
Liabilities:				
Accounts payable	<u>939 16</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u><u>939 16</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Fund equity:				
Fund balances:				
Unreserved:				
Undesignated	<u>246 283 18</u>	<u>37 282 42</u>	<u>24 864 98</u>	<u>28 296 73</u>
Total fund equity	<u><u>246 283 18</u></u>	<u><u>37 282 42</u></u>	<u><u>24 864 98</u></u>	<u><u>28 296 73</u></u>
Total Liabilities and Fund Equity	<u><u>247 222 34</u></u>	<u><u>37 282 42</u></u>	<u><u>24 864 98</u></u>	<u><u>28 296 73</u></u>

The accompanying notes are an integral part of these financial statements.

Total

83 387 30  
238 303 09  
15 975 62  
46

337 666 47

939 16

939 16

336 727 31

336 727 31

337 666 47

TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS

March 31, 2008

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	336 727 31
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	288 667 90
Accumulated depreciation	<u>(98 565 62)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u>526 829 59</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
Year ended March 31, 2008

	<u>General</u>	<u>Garbage</u>	<u>Road and Bridge</u>	<u>Fire</u>
<b>Revenues:</b>				
Property taxes	16 053 89	-	39 336 21	18 939 50
Other taxes	8 133 39	-	-	-
State revenue sharing	63 663 75	-	-	-
Charges for services	8 720 84	-	-	-
Interest	9 415 78	-	-	-
Special assessments	-	45 666 00	-	-
Miscellaneous	2 299 04	7 08	11 46	2 005 50
<b>Total revenues</b>	<u>108 286 69</u>	<u>45 673 08</u>	<u>39 347 67</u>	<u>20 945 00</u>
<b>Expenditures:</b>				
Legislative:				
Township Board	9 903 56	-	-	-
General government:				
Supervisor	4 410 34	-	-	-
Elections	1 556 03	-	-	-
Clerk	8 258 79	-	-	-
Assessor	5 652 52	-	-	-
Board of Review	1 351 85	-	-	-
Treasurer	10 595 82	-	-	-
Cemetery	3 793 75	-	-	-
Building and grounds	9 647 35	-	-	-
Public safety:				
Fire protection	-	-	-	9 698 67
Public works:				
Highways and streets	-	-	60 814 32	-
Street lights	1 719 32	-	-	-
Sanitation	-	45 269 28	-	-
Culture and recreation:				
Parks and recreation	1 370 81	-	-	-
Other functions:				
Payroll taxes	1 961 10	-	-	-
Capital outlay	-	-	-	40 464 84
<b>Total expenditures</b>	<u>60 221 24</u>	<u>45 269 28</u>	<u>60 814 32</u>	<u>50 163 51</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>48 065 45</u>	<u>403 80</u>	<u>(21 466 65)</u>	<u>(29 218 51)</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	-	15 000 00
Operating transfers out	(15 000 00)	-	-	-
<b>Total other financing sources (uses)</b>	<u>(15 000 00)</u>	<u>-</u>	<u>-</u>	<u>15 000 00</u>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<u>33 065 45</u>	<u>403 80</u>	<u>(21 466 65)</u>	<u>(14 218 51)</u>
<b>Fund balances, April 1</b>	<u>213 217 73</u>	<u>36 878 62</u>	<u>46 331 63</u>	<u>42 515 24</u>
<b>Fund Balances, March 31</b>	<u>246 283 18</u>	<u>37 282 42</u>	<u>24 864 98</u>	<u>28 296 73</u>

The accompanying notes are an integral part of these financial statements.

Total

74 329 60  
8 133 39  
63 663 75  
8 720 84  
9 415 78  
45 666 00  
4 323 08

214 252 44

9 903 56

4 410 34  
1 556 03  
8 258 79  
5 652 52  
1 351 85  
10 595 82  
3 793 75  
9 647 35

9 698 67

60 814 32  
1 719 32  
45 269 28

1 370 81

1 961 10  
40 464 84

216 468 35

(2 215 91)

15 000 00  
(15 000 00)

-

(2 215 91)

338 943 22

336 727 31

TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended March 31, 2008

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS (2 215 91)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,  
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(3 887 35)
Capital Outlay	<u>40 464 84</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES 34 361 58

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Bentley, Gladwin County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Bentley. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.



TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2007 tax roll millage rate was 3.7091 mills, and the taxable value was \$19,518,852.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$1,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building	20-70 years
Equipment	3-30 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated two financial institutions for the deposit of Township funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>83 387 76</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	83 477 20
Uninsured and Uncollateralized	-
Total Deposits	<u>83 477 20</u>

The Township had the following investments at March 31, 2008:

Nonrisk-categorized financial institution pooled funds	<u>238 303 09</u>
Total	<u>238 303 09</u>

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Township manages its exposure to interest rate risk is by participating in financial institution pooled funds and in mutual funds which hold diverse investments that are authorized by law for direct investments.

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The financial institution pooled funds and the mutual funds do not have a rating provided by a nationally recognized statistical rating organization.

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

**Note 3 – Deposits and Investments (continued)**

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

**Note 4 – Capital Assets**

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	Balance 4/1/07	Additions	Deletions	Balance 3/31/08
<b><u>Governmental Activities:</u></b>				
Land	121 700 00	-	-	121 700 00
Building	72 600 00	40 464 84	-	113 064 84
Equipment	53 903 06	-	-	53 903 06
Total	248 203 06	40 464 84	-	288 667 90
Accumulated Depreciation	(94 678 27)	(3 887 35)	-	(98 565 62)
Net Capital Assets	<u>153 524 79</u>	<u>36 577 49</u>	<u>-</u>	<u>190 102 28</u>

**Note 5 – Pension Plan**

The Township does not have a pension plan.

**Note 6 – Deferred Compensation Plan**

The Township does not have a deferred compensation plan.

**Note 7 – Risk Management**

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**Note 8 – Building Permits**

The Township of Bentley does not issue building permits.

TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2008

**Note 9 – Budget Variances**

For the fiscal year ended March 31, 2008, Township expenditures exceeded the budgeted amounts as follows:

	<u>Final Budget</u>	<u>Total Expenditures</u>	<u>Budget Variance</u>
General Fund Activity:			
Clerk	7 322 00	8 258 79	936 79
Treasurer	9 797 00	10 595 82	798 82
Cemetery	2 200 00	3 793 75	1 593 75
Fire Fund Activity:			
Fire protection	9 000 00	9 698 67	698 67
Capital outlay	15 000 00	40 464 84	25 464 84

**Note 10 – Interfund Transfers**

The amounts of interfund transfers are as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Fund</u>	<u>Transfer Out</u>
Fire	<u>15 000 00</u>	General	<u>15 000 00</u>
Total	<u><u>15 000 00</u></u>	Total	<u><u>15 000 00</u></u>

**Note 11 – Interfund Receivables and Payables**

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>46</u>	Current Tax Collection	<u>46</u>
Total	<u><u>46</u></u>	Total	<u><u>46</u></u>

TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**  
Year ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	15 650 00	15 650 00	16 053 89	403 89
Other taxes	8 300 00	8 300 00	8 133 39	(166 61)
State revenue sharing	62 154 00	62 154 00	63 663 75	1 509 75
Charges for services	3 600 00	3 600 00	8 720 84	5 120 84
Interest	3 000 00	3 000 00	9 415 78	6 415 78
Miscellaneous	5 600 00	5 600 00	2 299 04	(3 300 96)
Total revenues	98 304 00	98 304 00	108 286 69	9 982 69
Expenditures:				
Legislative:				
Township Board	10 530 00	10 530 00	9 903 56	(626 44)
General government:				
Supervisor	5 150 00	5 150 00	4 410 34	(739 66)
Elections	3 560 00	3 560 00	1 556 03	(2 003 97)
Clerk	7 322 00	7 322 00	8 258 79	936 79
Assessor	6 000 00	6 000 00	5 652 52	(347 48)
Board of Review	1 500 00	1 500 00	1 351 85	(148 15)
Treasurer	9 797 00	9 797 00	10 595 82	798 82
Cemetery	2 200 00	2 200 00	3 793 75	1 593 75
Building and grounds	11 920 00	11 920 00	9 647 35	(2 272 65)
Public works:				
Street lights	2 000 00	2 000 00	1 719 32	(280 68)
Culture and recreation:				
Parks and recreation	5 962 00	5 962 00	1 370 81	(4 591 19)
Other functions:				
Payroll taxes	3 600 00	3 600 00	1 961 10	(1 638 90)
Total expenditures	69 541 00	69 541 00	60 221 24	(9 319 76)
Excess (deficiency) of revenues over expenditures	28 763 00	28 763 00	48 065 45	19 302 45
Other financing sources (uses):				
Operating transfers out	(15 000 00)	(15 000 00)	(15 000 00)	-
Total other financing sources (uses)	(15 000 00)	(15 000 00)	(15 000 00)	-
Excess (deficiency) of revenues and Other sources over expenditures and other uses	13 763 00	13 763 00	33 065 45	19 302 45
Fund balance, April 1	132 776 00	132 776 00	213 217 73	80 441 73
Fund Balance, March 31	146 539 00	146 539 00	246 283 18	99 744 18

TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

**BUDGETARY COMPARISON SCHEDULE – GARBAGE FUND**  
Year ended March 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Special assessments	44 604 00	44 604 00	45 666 00	1 062 00
Miscellaneous	-	-	7 08	7 08
Total revenues	<u>44 604 00</u>	<u>44 604 00</u>	<u>45 673 08</u>	<u>1 069 08</u>
Expenditures:				
Public works:				
Sanitation	<u>49 042 00</u>	<u>49 042 00</u>	<u>45 269 28</u>	<u>(3 772 72)</u>
Total expenditures	<u>49 042 00</u>	<u>49 042 00</u>	<u>45 269 28</u>	<u>(3 772 72)</u>
Excess (deficiency) of revenues over expenditures	(4 438 00)	(4 438 00)	403 80	4 841 80
Fund balance, April 1	<u>4 438 00</u>	<u>4 438 00</u>	<u>36 878 62</u>	<u>32 440 62</u>
Fund Balance, March 31	<u>-</u>	<u>-</u>	<u>37 282 42</u>	<u>37 282 42</u>

TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

**BUDGETARY COMPARISON SCHEDULE – ROAD AND BRIDGE FUND**  
Year ended March 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	38 385 00	38 385 00	39 336 21	951 21
Miscellaneous	-	-	11 46	11 46
Total revenues	<u>38 385 00</u>	<u>38 385 00</u>	<u>39 347 67</u>	<u>962 67</u>
Expenditures:				
Public works:				
Highways and streets	<u>62 130 00</u>	<u>62 130 00</u>	<u>60 814 32</u>	<u>(1 315 68)</u>
Total expenditures	<u>62 130 00</u>	<u>62 130 00</u>	<u>60 814 32</u>	<u>(1 315 68)</u>
Excess (deficiency) of revenues over expenditures	(23 745 00)	(23 745 00)	(21 466 65)	2 278 35
Fund balance, April 1	<u>23 745 00</u>	<u>23 745 00</u>	<u>46 331 63</u>	<u>22 586 63</u>
Fund Balance, March 31	<u>-</u>	<u>-</u>	<u>24 864 98</u>	<u>24 864 98</u>



TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

**BUDGETARY COMPARISON SCHEDULE – FIRE FUND**  
Year ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	18 464 00	18 464 00	18 939 50	475 50
Miscellaneous	-	-	2 005 50	2 005 50
Total revenues	<u>18 464 00</u>	<u>18 464 00</u>	<u>20 945 00</u>	<u>2 481 00</u>
Expenditures:				
Public safety:				
Fire protection	9 000 00	9 000 00	9 698 67	698 67
Capital outlay	<u>15 000 00</u>	<u>15 000 00</u>	<u>40 464 84</u>	<u>25 464 84</u>
Total expenditures	<u>24 000 00</u>	<u>24 000 00</u>	<u>50 163 51</u>	<u>26 163 51</u>
Excess (deficiency) of revenues over expenditures	<u>(5 536 00)</u>	<u>(5 536 00)</u>	<u>(29 218 51)</u>	<u>(23 682 51)</u>
Other financing sources (uses):				
Operating transfers in	<u>15 000 00</u>	<u>15 000 00</u>	<u>15 000 00</u>	<u>-</u>
Total other financing sources (uses)	<u>15 000 00</u>	<u>15 000 00</u>	<u>15 000 00</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	9 464 00	9 464 00	(14 218 51)	(23 682 51)
Fund balance, April 1	<u>27 240 00</u>	<u>27 240 00</u>	<u>42 515 24</u>	<u>15 275 24</u>
Fund Balance, March 31	<u>36 704 00</u>	<u>36 704 00</u>	<u>28 296 73</u>	<u>(8 407 27)</u>

TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT  
Year Ended March 31, 2008

Township Board:	
Wages	2 400 00
Contracted services	2 259 22
Insurance	2 911 00
Supplies	1 554 03
Miscellaneous	779 31
	<u>9 903 56</u>
Supervisor:	
Salary	4 399 92
Supplies	10 42
	<u>4 410 34</u>
Elections:	
Wages	1 224 60
Miscellaneous	331 43
	<u>1 556 03</u>
Clerk:	
Salary	5 787 60
Contracted services	534 15
Supplies	852 07
Miscellaneous	1 084 97
	<u>8 258 79</u>
Assessor:	
Contracted services	5 017 52
Supplies	635 00
	<u>5 652 52</u>
Board of Review:	
Wages	697 50
Printing and publishing	109 25
Miscellaneous	545 10
	<u>1 351 85</u>
Treasurer:	
Salary	6 855 05
Supplies	940 21
Miscellaneous	2 800 56
	<u>10 595 82</u>
Cemetery:	
Wages	500 00
Contracted services	3 293 75
	<u>3 793 75</u>
Building and grounds:	
Wages	2 548 50
Contracted services	3 102 84
Utilities	3 778 89
Supplies	32 00
Miscellaneous	185 12
	<u>9 647 35</u>

TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT  
Year Ended March 31, 2008

Street lights:	
Utilities	<u>1 719 32</u>
Parks and recreation:	
Contracted services	271 46
Utilities	239 35
Miscellaneous	<u>860 00</u>
	<u>1 370 81</u>
Payroll taxes	<u>1 961 10</u>
Total Expenditures	<u><u>60 221 24</u></u>

TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

CURRENT TAX COLLECTION FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
Year Ended March 31, 2008

	<u>Balance</u> <u>4/1/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/08</u>
<u>Assets</u>				
Cash in bank	<u>51</u>	<u>591 801 06</u>	<u>591 801 11</u>	<u>46</u>
<u>Liabilities</u>				
Due to other funds	51	111 095 38	111 095 43	46
Due to others	<u>-</u>	<u>480 705 68</u>	<u>480 705 68</u>	<u>-</u>
Total Liabilities	<u>51</u>	<u>591 801 06</u>	<u>591 801 11</u>	<u>46</u>

TOWNSHIP OF BENTLEY  
Gladwin County, Michigan

CURRENT TAX COLLECTION FUND  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
Year Ended March 31, 2008

Cash in bank -- beginning of year	51
Cash receipts:	
Property taxes	591 801 06
Total cash receipts	591 801 06
Total beginning balance and cash receipts	591 801 57
Cash disbursements:	
Township General Fund	21 538 07
Township Road and Bridge Fund	34 441 58
Township Garbage Fund	38 593 08
Township Fire Fund	16 522 70
Gladwin County	274 034 05
Pinconning Area Schools	119 916 94
Bay Arenac Intermediate School District	85 804 36
Refunds	950 33
Total cash disbursements	591 801 11
Cash in Bank -- End of Year	46

# **CAMPBELL, KUSTERER & CO., P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

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## **AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS**

June 23, 2008

To the Township Board  
Township of Bentley  
Gladwin County, Michigan

We have audited the financial statements of the Township of Bentley for the year ended March 31, 2008. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

### **AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES**

We conducted our audit of the financial statements of the Township of Bentley in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board  
Township of Bentley  
Gladwin County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

### **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies are described in Note 1 to the financial statements.

### **OTHER COMMUNICATIONS**

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

### **COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY**

Our procedures disclosed the following conditions that we would like to bring to your attention:

#### **SEGREGATION OF DUTIES**

The Township's system of internal control is affected by the size of the staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Township cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Township Board Members understand these circumstances when performing their oversight responsibilities.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2008.

### **SUMMARY**

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

  
CAMPBELL, KUSTERER & CO., P.C.  
Certified Public Accountants